## Message Text

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INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 EB-07 COME-00 TRSE-00 /065 W
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FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC 8634

INFO AMEMBASSY BELGRADE

AMEMBASSY BERLIN

AMEMBASSY BUCHAREST

AMEMBASSY MOSCOW

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMBASSY VIENNA

AMEMBASSY WARSAW

AMCONSUL MUNICH

LIMITED OFFICIAL USE BUDAPEST 1815

BELGRADE FOR US DEL CSCE

E.O. 11652: N/A

TAGS: PFOR, CSCE, AU, HU

SUBJECT: AUSTRIAN PRESIDENT'S VISIT TO HUNGARY

1. SUMMARY: AUSTRIAN PRESIDENT RUDOLF KIRCHSCHLAEGER PAID OFFICIAL VISIT TO HUNGARY MAY 24-27. DURING VISIT HE REVIEWED WITH HUNGARIAN LEADERS CORDIAL AND DEVELOPING RELATIONS BETWEEN HUNGARY AND AUSTRIA. NO NEW ISSUES TAKEN UP BEYOND THOSE RAISED BY JANOS KADAR AT TIME OF HIS VISIT TO AUSTRIA LAST DECEMBER. TWO COUNTRIES DID AGREE, HOWEVER, TO ESTABLISH COMMISSION TO STUDY ABOLISHING VISAS. DISARMAMENT, CSCE AND DETENTE IMPORTANT TOPICS OF CONVERSATION WITH DIFFERENT PERSPECTIVE HELD BY AUSTRIA LIMITED OFFICIAL USE

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AND HUNGARY SHOWING THROUGH REGARDING LATTER TWO TOPICS. END SUMMARY.

2. KIRCHSCHLAEGER RECEIVED BY HSWP FIRST SECRETARY KADAR AND PRESIDENT PAL LOSONCZI AND FETED BY LATTER. FOREIGN MINISTERS OF BOTH HUNGARY AND AUSTRIA AND OTHER HIGH MFA OFFICIALS OF BOTH COUNTRIES WERE ALSO INVOLVED

WITH TALKS BETWEEN GOVERNMENT LEADERS. BOTH SIDES CHARACTERIZED RELATIONS AS CORDIAL AS COULD BE, GIVEN TWO CONTRASTING SOCIAL SYSTEMS. AUSTRIAN PRESIDENT NOTED BENEFIT SMALL COUNTRIES RECEIVED FROM DETENTE. FINAL COMMUNIQUE STATED BOTH SIDES HOPED TO ADVANCE DETENTE THROUGH THEIR CLOSE RELATIONS.

- 3. BOTH SIDES RECOGNIZED IN COMMUNIQUE THAT AGREEMENT EXISTS ON A NUMBER OF ISSUES WITH REGARD TO BELGRADE MEETING. THEY POINTED OUT THAT MEETING "MUST SERVE DEEPENING OF PROCESS OF DETENTE AND STRENGTHENING OF SECURITY AND COOPERATION." THIS GENERALLY UPBEAT MUTUAL PHRASEOLOGY, HOWEVER, MASKED A DIFFERENCE OF APPROACH REFLECTED IN TOASTS EXCHANGED BETWEEN PRESIDENTS LOSONCZI AND KIRCHSCHLAEGER AT LATTER'S BANQUET. KIRCHSCHLAEGER STRESSED GREATER EFFORTS NEEDED FOR CSCE IMPLEMENTATION WITH LOSONCZI STATING INSTEAD THAT BELGRADE MEETING SHOULD DEEPEN DETENTE AND STRENGTHEN SECURITY AND COOPERATION.
- 4. IN FINAL COMMUNIQUE BOTH COUNTRIES SUPPORTED CONVENING OF WORLD CONFERENCE ON DISARMAMENT AND NOTED SIGNIFICANCE OF FORTHCOMING US SPECIAL SESSION ON DISARMAMENT. KIRCHSCHLAEGER TENDERED AND LOSONCZI ACCEPTED AN INVITATION TO VISIT AUSTRIA AT A DATE TO BE DETERMINED LATER.
- 5. AT HIS PRESS CONFERENCE, AUSTRIAN PRESIDENT COMMENTED THAT HUNGARIANS HAD RAISED QUESTION OF EFFECT THAT ELIMINATION OF CUSTOMS FEES BETWEEN AUSTRIA AND LIMITED OFFICIAL USE

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EC STATES ON JULY 1 WOULD HAVE IN WEAKENING COMPETITIVENESS OF GOODS OF THIRD COUNTRIES ON AUSTRIAN MARKET. THIS ISSUE WAS ALSO RAISED AT TIME OF KADAR DECEMBER VISIT TO AUSTRIA AND ALLUDED TO IN TOASTS OF TWO PRESIDENTS MENTIONED ABOVE. KIRCHSCHLAEGER TOLD PRESS ONLY "THAT IT IS A SINCERE AMBITION OF AUSTRIA TO PROMOTE THE FURTHER DEVELOPMENT OF BILATERAL TRADE WITH HUNGARY ON THE BASIS OF A SPECIAL APPROACH."

6. WHILE AUSTRIA AND GOH HAVE AGREED IN FINAL COMMUNIQUE TO HAVE AN EXPERTS MEETING THIS FALL TO SEEK WAYS OF ELIMINATING VISA REQUIREMENTS FOR TOURISTS OF THEIR RESPECTIVE COUNTRIES, EMBASSY EXPECTS MAY BE DIFFICULT FOR HUNGARIANS TO ABOLISH VISAS. OBSTACLES REMAIN AS IN PAST: (1) GOH FEAR THAT AUSTRIAN TOURISTS USING FORINTS OBTAINED AT FREE MARKET EXCHANGE RATES WILL BUY OUT HUNGARIAN GOODS IN TOURIST AREAS; AND (2) GOH FEAR THAT LOOSER VISA REGIME WOULD ENCOURAGE GREATER DEFECTIONS OF HUNGARIAN CITIZENS TO WEST.

	Margaret P. Grafeld	Declassified/Released	US Department of State	EO Systematic Review	22 May 2009
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